

2
 ARTICLE APPEARED
 ON PAGE 1 PAGE 1

LOS ANGELES TIMES
 10 May 1986

Aquino Says She Is Reconciled to No Aid Increase

By DOYLE McMANUS
 and MARK FINEMAN,
Times Staff Writers

MANILA—President Corazon Aquino met with Secretary of State George P. Shultz here Friday and said she is now reconciled to winning no further increases in U.S. aid to the Philippines this year.

After a 26-hour stay in Manila, Shultz delivered an optimistic assessment of Aquino's prospects of overcoming the Philippine economic crisis and quelling a Communist insurgency. He said he is impressed with Aquino's "charm and personality and leadership," and added: "The great problems that the Aquino government has inherited are soluble . . . and I feel certain that they're on the way to being solved."

Shultz also met with politicians that supported Ferdinand E. Marcos when he was president and appealed to them not to undermine Aquino's government.

He urged them to act as "a loyal opposition—criticize where it is warranted, but support and give the benefit of the doubt so that problems can be solved."

One of those opposition leaders, Blas Ople, Marcos' former labor minister, said in a separate interview that Shultz spoke strongly of the need to bring stability to the Philippines. "He was aware of a climate in which radical or extremist forces might continue to flourish or even flourish to a degree greater than before in the country," Ople said.

Asked about Marcos' increasingly frequent practice of telephoning his supporters from exile in Hawaii in an attempt to build support for a return to power, Shultz said: "I don't think it's helpful, and we have given him our views. But in the United States, we believe in freedom. . . . He can pick up the telephone."

The focus of Shultz's talks was on U.S. aid. Aquino's 10-week-old government has been complaining

that the Reagan Administration's proposed economic aid package for this fiscal year, totaling about \$500 million, is insufficient to help overcome the Philippines' deep economic crisis.

Laurel Annoyed Shultz

Its requests, delivered last week by Vice President Salvador Laurel in a meeting with President Reagan in Bali, Indonesia, had irked Shultz, who complained then that Laurel "gave the impression that his needs were infinite."

Shultz's 45-minute meeting with Aquino, in which he explained the intensity of congressional resistance to new spending, appeared to end tension between the two countries over the issue.

"President Aquino said she appreciated such aid as countries like the United States have been able to give, although (the aid) fell far short of what was needed," said Information Minister Teodoro Locsin Jr., who attended the session.

After the meeting, Locsin said, Aquino was convinced that "the statutory limit on American generosity"—the Gramm-Rudman budget-cutting law—"seems to be airtight."

Asked whether Aquino is now satisfied with the U.S. aid program, Locsin said: "It's not whether we're satisfied or not. It's what we have to live with."

In another gesture of reconciliation, Laurel presented Shultz with a *barong tagalog*—the loose, lacy white shirt traditionally worn by Philippine men—and Shultz made a point of wearing it to his meetings Friday.

Despite such gifts, several members of Aquino's Cabinet expressed the Philippine case for more aid in less than diplomatic terms. Economic Planning Minister Solita Monsod said she told Shultz that the U.S. aid package is "nowhere near enough."

The nation's economy, she said, "is in a stage now that is almost what it was after the war (World War II). It is really a ravaged economy."

After two decades of corruption and mismanagement by the Marcos regime, the Philippines—once regarded as an Asian boom country—has been in a prolonged economic slump. Per capita income has fallen to \$625 a year from a high of more than \$800 at the beginning of

the decade. Foreign debt has risen above \$26 billion, and interest payments consume more than half export earnings.

President Reagan has asked Congress to increase U.S. economic aid by more than \$100 million over the package planned for Marcos, who fell in February. Reagan has also requested \$74 million in new military aid this year, in addition to about \$275 million already approved by Congress.

Investment, Trade

Shultz also promised Aquino that he will "address the American business community and urge it to invest in a country . . . (which) had the brightest prospects," Locsin said. In other talks with the president's economic advisers, Shultz promised to work to open new trade opportunities for Philippine exports to the United States.

And he said that the government's effort to quell a 17-year-old Communist insurgency both through amnesty offers and increased military strength "is shaping up."

U.S. intelligence analysts have warned Shultz that the government's effort to end the insurgency is going badly and that the Communist rebels will remain a long-term threat to the Aquino government, a State Department official said.

During her meeting with Shultz, Aquino said she will accept Reagan's invitation to visit Washington. Locsin said her trip, planned to include visits to several U.S. cities, is tentatively scheduled for November.

CONTINUED

2

Aquino and Shultz did not discuss the Reagan Administration's request that the Philippines issue Marcos a passport so he can leave Hawaii to take up permanent exile outside the United States, their spokesmen said.

But Locsin reiterated the government's refusal to facilitate Marcos' departure from U.S. territory. "We feel he should stay there, and we feel he should be subjected to various subpoenas. We feel this would cause him to die. And that would solve our problems," he said.

Aquino's government is suing Marcos for the return of millions of dollars in wealth, which it accuses him of bilking from public funds.

Shultz maintained that Marcos is welcome to stay in the United States because of his decision to leave the Philippines without bloodshed.

"However, President Marcos has said he doesn't want to stay in the United States," Shultz said. "We don't want people in the United States who don't want to be there." But "he doesn't have any place to go," Shultz went on. "That's our problem."

He said other countries had refused to offer Marcos asylum largely because they "don't want difficulties with the government of the Philippines."

